

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government—This bill simplifies Department of Children and Family Services' administration of the Temporary Cash Assistance (TCA) program and enables the department to reduce positions and associated funding used to implement this program. The bill removes restrictions unique to the department regarding privatization of the eligibility determination function, leaving current state contracting law to direct department activities.

Promote personal responsibility—The bill lengthens the penalty periods for non-compliance with work requirements to conform to the federal food stamp program, and this longer penalty emphasizes expectations about required work activities of eligible recipients of temporary cash assistance. The bill also eliminates eligibility of stepparents for cash assistance, continuing current department practice.

Empower families—The bill eliminates the provision in current law that authorizes the state to deny food stamp eligibility to individuals who are delinquent in court-ordered child support payments during a month in which the payment is due. With this change, food stamp eligibility would not be interrupted, and any children who benefit from this support would continue to receive assistance.

B. EFFECT OF PROPOSED CHANGES:

Economic Self-Sufficiency (ESS) Program Eligibility Policies

Chapter 414, F.S., provides legislative guidance regarding state implementation of the state's Family Self-Sufficiency Program. The administrators of the Economic Self Sufficiency (ESS) programs in the Department of Children and Family Services observe that the policies governing these programs are unnecessarily complex, often resulting in inefficiency, confusion, and error for agency staff, customers, and partner agencies. Section 414.14, Florida Statutes, directs the department to align, to the extent possible, eligibility requirements for Temporary Cash Assistance, Food Stamps, and Medicaid to simplify the budgeting process and reduce errors. The Fiscal Year 2003-2004 General Appropriations Act directed the department to achieve programmatic efficiencies, and during that year, the department implemented a modernized service delivery system of the eligibility determination function. The department estimates that these efforts resulted in cost savings of \$57 million and a 16 percent reduction in eligibility determination staff, while accommodating an 18 percent increase in workload. Further enhancements to the model, including simplification of eligibility rules, are projected by the department to achieve cumulative savings of \$96 million by June 30, 2007. However, the department indicates that the full impact of this effort cannot be achieved without simplification of the eligibility policies. Simplification yields indirect cost savings by reducing the time and expense of pre- and in-service training, length of client interviews, need for technical assistance and ability to stream information between computer systems. This bill contains changes that will allow the department to simplify their procedures.

Florida's welfare reform legislation (Work and Gain Economic Self Sufficiency or WAGES) predated the national reform in 1996 (chapter 96-175, Laws of Florida). Lawmakers, anticipating national reform, crafted section 115 of that law to provide the Governor the ability to delay implementation to provide the department the time necessary to prepare to implement new programs. That provision also directed that programs affected by the act would continue to operate under pre-existing law until the Governor informed the House and Senate of his intention to implement the new provisions under WAGES. Changes to policy affecting eligibility of stepparents in section 414.095(4) Florida Statutes, were subsequently determined to be overly complex and cost-ineffective. As a result, they were not implemented.

Non-Compliance with Work Requirements

Section 414.065, Florida Statutes, contains three levels of sanctions for failure to participate in work requirements that result in the loss of temporary cash assistance, with mandatory penalty periods of 10, 30, and 90 days, while the penalties for the federal Food Stamp Program are one, three and six months. This bill eliminates the current penalties in the Temporary Cash Assistance Program and replaces them with the sanctions under the Food Stamp Program contained in federal law. Most cash assistance recipients also receive food stamps; therefore, changing the non-compliance with work requirements penalties to make them the same in the two programs will simplify staff administration and client clarification. The longer penalty period emphasizes expectations about required work activities. The United State Department of Agriculture Food and Nutrition Services (FNS) has indicated to the department that their food stamp policy must be maintained. Therefore, alignment of the two processes is only possible by changing the state's cash assistance policy. Because the penalty periods are longer in the Food Stamp Program, the department estimates potential savings in benefit costs up to \$2,259,000 as a result of this change.

Eligibility Requirements

Section 414.095, Florida Statutes, contains requirements regarding eligibility for temporary cash assistance and Medicaid. The bill makes two changes to the provisions in this section.

Minor Child

Section 414.095(2)(a)4, Florida Statutes, requires a minor child to reside with a custodial parent(s) or with a relative caregiver(s), or in a setting approved by the department. Federal Temporary Assistance for Needy Families (TANF) law and regulations do not authorize the expenditure of TANF funds to serve children with non-relatives unless they are minor parents caring for their own dependent children. Minor parents and their children must reside in the household of a parent, legal guardian, other adult relative, or in an adult-supervised supportive living arrangement pursuant to federal regulations (45 CFR 233.107). In 2004, the District Court of Appeal in Manuel v. the Department of Children and Family Services held that the agency's placement of children with adult non-relatives satisfied the criteria in this section of statute for purposes of the children's eligibility for cash assistance. The bill amends section 414.095(2)(a)4, Florida Statutes, to align the definition of "in a setting approved by the department" with TANF program requirements for the purpose of minor children's eligibility for receipt of temporary cash assistance/TANF benefits and services. This alignment supports the current policy and avoids the need to establish a separate state program to comply with the court ruling in Manuel v. Department of Children and Family Services.

Stepparents

The bill eliminates eligibility of stepparents for temporary cash assistance. Section 414.095(4), Florida Statutes, provides complex eligibility requirements for stepparents that vary according to family composition and income. The bill changes the law to eliminate the stepparent eligibility provisions, making the statute consistent with current department policy and practice, avoids increased program complexity, and resolves the issue of continued delay in implementing a cost-ineffective provision of the WAGES Act.

Time Limits of Temporary Cash Assistance

Section 414.105, Florida Statutes, requires two types of interim time limits for the receipt of temporary cash assistance (24 cumulative months in any consecutive 60-month period or 36 cumulative months in any 72-month period), with numerous exceptions and extensions within a 48-month lifetime limit. The department indicates that these requirements are confusing for program participants and contribute to

errors by staff in determining participant eligibility. This bill standardizes time limit policies for temporary cash assistance with a 48-month lifetime limit and limited hardship extensions. According to the Department of Children and Family Services, adults receiving temporary cash assistance in January 2005, had been on assistance an average of 5.1 months, and the 2004 TANF Caseload Reduction Report attributes one percent (118) of the monthly case closure to time limits. The department proposes that this change will streamline the policy to support consistent implementation of time limits and to allow clear communication of expectations to recipients. The department believes that this change will improve communication with local workforce boards charged with determination of eligibility for extensions. The department anticipates that this proposed change will have little, if any, impact on expenditures for client benefits because the majority of families subject to time limits leave assistance well before the time limits take effect.

Food Stamps Prohibitions and Restrictions

Section 414.32, Florida Statutes, authorizes the state to deny food stamp eligibility to individuals who are delinquent in court-ordered child support payments during any month in which the payment is due. The department implemented this policy. The Department of Children and Family Services (DCF) advises, however, that the policy was rescinded in 2002, after a ruling by the United States Department of Agriculture (USDA) Food and Nutrition Services (FNS) following a client hearing. FNS notified DCF that disqualification could only apply to a month in which a child support payment was not made, and that parents had until the end of each month to be deemed delinquent. The department has determined that when the month is past, the delinquent parent cannot be sanctioned because it is no longer the month in which payment is not made. This interpretation meant that benefits would need to be authorized on a month-by-month basis immediately following a determination that the individual had received benefits to which he was not eligible in the prior month. The bill deletes Section 414.32(2), Florida Statutes, relating to the disqualification from Food Stamp Program participation for any month in which the individual is delinquent in court ordered child support payments. The department contends that striking this provision allows the state to forego the federal option and simplify administration.

Contracting Requirements

Section 114 of chapter 2004-267, Laws of Florida, contains requirements about the number of vendors with which the department would contract if it contracted some of its eligibility determination functions. The law provides that the department may carry out its functions with state staff or with at least two private vendors—with certain restrictions. With the exception of information technology, no contract is to encompass a geographic area larger than a combined seven districts or combine three zones without prior approval of the Legislative Budget Commission (LBC); and department employees must provide these functions in at least one area of the state if their proposed cost is competitive with private vendors. The bill repeals these provisions, thereby eliminating contracting provisions that are unique to the Department of Children and Family Services.

C. SECTION DIRECTORY:

Section 1. Amends s. 409.2564, F.S., correcting a cross reference.

Section 2. Amends s. 414.065, F.S., relating to noncompliance with work requirements.

Section 3. Amends s. 414.095, F.S., regarding determining eligibility for temporary cash assistance.

Section 4. Amends s. 414.105, F.S., relating to time limitations of temporary cash assistance.

Section 5. Amends s. 414.32, F.S., regarding prohibitions and restrictions with respect to food stamps.

Section 6. Amends s. 445.048, F.S., correcting a cross reference.

Section 7. Repeals s. 114, Chapter 2004-267, L.O.F., which contains requirements about the provision of eligibility determination functions.

Section 8. Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

The Fiscal Council's Proposed General Appropriations Act for Fiscal Year 2005-2006 (PCB FC 05-01) contains a reduction in the economic self-sufficiency budget in the Department of Children and Family Services of \$12,500,000, comprising salaries and benefits, as well as expense dollars. This budget reduction is based on proposed program efficiencies and streamlining program operations and eliminates recurring funding from the department's budget. This bill changes provisions of current law that would allow the department to reduce its administrative costs of program operation.

Fiscal Year 2005-2006

Department of Children and Family Services		
Positions	(245 FTEs)	
Salaries		
General Revenue		(\$4,607,020)
Welfare Transition Trust Fund		(\$3,992,980)
Expenses		
General Revenue		(\$2,113,020)
Federal Grants Trust Fund		(\$1,786,980)
Total Reduction		
General Revenue		(\$6,720,040)
Federal Grants Trust Fund		(\$1,786,980)
Welfare Transition Trust Fund		(\$3,992,980)
Total		(\$12,500,000)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The Department of Children and Family Services estimates that a total of \$2,259,000 in temporary cash assistance payments may not be paid to eligible recipients on an annual basis because of non-compliance with the work program requirements.

D. FISCAL COMMENTS:

The Department of Children and Family Services indicates that this bill supports cost savings associated with continued modernization of the ESS programs and is needed to simplify eligibility policies. The department estimates a potential annual cost savings of \$2,259,000 for temporary cash assistance payments made to families who are not complying with work program requirements. These benefits are currently paid with state maintenance of effort (general revenue) funds. If this savings materializes, the reduction in funding needed to support the estimated caseload would be reflected when the TANF Estimating Conference makes its projections for Fiscal Year 2005-2006 and future years.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None

2. Other:

None

B. RULE-MAKING AUTHORITY:

The bill modifies certain provisions of the Family Self-Sufficiency law; however, it does not change existing provisions in section 414.45, Florida Statutes, which provides the Department of Children and Family Services with rule-making authority pursuant to subsection 120.536(1) and 120.54, Florida Statutes, to implement and enforce the provisions of Chapter 414, Florida Statutes.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES